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THE
Houston & Texas Central Railway
COMPANY
FIRST MORTGAGE BOND,
EARNINGS AND EXPENSES,
FROM
May, 1867, to May, 1868,
AND
CONDITION OF THE COMPANY,
May 1st., 1868.



HOUSTON :

A. C. GRAY & CO., PRINTERS AND BOOK-BINDERS.

1868.

THE
HOUSTON AND TEXAS

Central Railway Company

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From May, 1867, to May, 1868, and

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HOUSTON, TEXAS:

A. C. GRAY & Co., PRINTERS AND BOOK BINDERS.

1868.

OFFICERS.

—:0:—

W. R. BAKER,	-	-	PRESIDENT.
A. S. RICHARDSON,	-	-	SEC'Y & TREAS.



DIRECTORS.

—:0:—

W. J. HUTCHINS,	-	-	HOUSTON.
W. R. BAKER,	-	-	"
W. M. RICE,	-	-	"
PAUL BREMOND,	-	-	"
ABRAM GROESBEECK,	-	-	"
J. R. MORRIS,	-	-	"
CORNELIUS ENNIS,	-	-	GALVESTON.
DAVID H. PAIGE,	-	-	NEW YORK.
WM. E. DODGE,	-	-	" "

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The Houston & Texas Central Railway

Is built and being run from Houston to Bryan, one hundred miles, in a northerly direction. It connects at Houston with the Galveston, Houston and Henderson Railroad, which runs fifty miles to Galveston, the chief seaport and harbor of Texas.

For fifty miles, to the town of Hempstead, it is the main trunk, also, to Austin, the capitol of the State; at Hempstead it connects with the Washington County Railroad, built to Brenham, twenty-five miles, from whence it will be extended to Austin, 85 miles, which road is owned and run by this Company.

There is under contract, partly built, and to be finished by 1st October, 1868, thirty additional miles of road, extending from the present terminus, Bryan, to Calvert, in Robertson County, which will make of finished road, one hundred and fifty-five miles, including the Austin Branch.

The contemplated terminus of the Houston and Texas Central Railway is on Red River, at some point in Fannin or Grayson counties, about 355 miles north of Houston, at which point it is expected that a connection will be made with a road or roads now projected from the Missouri river in Kansas, and St. Louis, in Missouri, to be run southward to that point; altogether to compose a grand trunk highway, on a line about 350 miles west of the Mississippi river, and running parallel with it, from the Missouri river to the Gulf of Mexico, at Galveston.

The whole line of this road to Red River lies through as rich an agricultural region, as exists in the United States. On either side lay the unexcelled, alluvial bottom lands of the Brazos and Trinity rivers, and between them, along the course of this road, the most fertile and beautiful uplands ever beheld or cultivated by man. Along the whole line the soil will produce in the highest perfection, cotton and corn, as well as a great variety of vegetables and fruits of less importance. And from Red River south for two hundred miles, it is not an exaggeration to say, that there is not in the United States any section, except perhaps portions of Cali-

fornia, that can equal it in the production of wheat, rye and barley ; and for stock raising of all kinds it has no equal.

It has now an active, industrious, thrifty, though sparse population, but daily augmenting by the force of its unexampled attractions ; and all that is needed to induce its full development, is transportation, which the building of this road will furnish. It will run through eleven counties, and on each side will be twice as many more, which probably for all time will use this road to send to market their surplus productions, and over it receive their supplies. It will be the first road built through that region, the main trunk from which many spurs and branches will diverge ; although five times the area of country would be tributary to this line of road if now completed, than is above claimed for it, and it would enjoy the whole trade for a series of years to come. Still in the course of time other roads will be built, which will circumscribe the area now dependent upon it. Calculation is, therefore, only made on what could be permanently relied on as tributary to it. Each county contains over a half million acres, and comparatively none of it waste land. Much of it will produce one bale of cotton to the acre, and very little will produce less than a half bale. And in the grain region, between twenty and thirty bushels of wheat are raised, and very often much more.

It will readily be perceived, that no single track could with any convenience do the business that will be offered when this country shall be peopled and cultivated like some of the older States ; and population is only waiting for the road to be built. The soil will be quickly occupied when its products can find a way to market. The managers of this road are assured, from all the lights before them, that the receipts per mile will be quadrupled over what they now are, so soon as they can add one hundred miles to that now built. That length of road will reach the grain region and penetrate it, and afford an outlet for a production which would then be enhanced a thousand fold.

Reference is requested to the statement of receipts during the last twelve months, as a slight indication of what might be expected when one hundred miles more shall be added. It is believed that every additional fifty miles will increase per mile the receipts in

arithmetical progression, as it will open up to market, regions that now produce only subsistence, because a surplus will not pay ox-wagon transportation.

The portion of the State under consideration is healthy and elevated; in summer fanned by the breezes of the Gulf; and where the white man can labor under a vertical sun, without inconvenience.

The company owes an inconsiderable floating debt that can be provided for at any time. The only debt of any importance being its bonds having 25 years to run, and bearing 7 per cent. interest, payable in gold semi-annually.

There is but little surplus capital in the State, and the company has to apply for money to extend the road where it is cheaper than at home. They offer a liberal interest and ample security, as will be shown by reference to the deed of trust securing the Bonds, printed herewith.

The following notice of the road is taken from a recent publication by a disinterested correspondent, and it is reproduced here because of its truthfulness and justness of expression :

“The Houston and Texas Central Railway, extending in a
 “north-westerly direction from Houston, fifty miles to Hempstead,
 “in the valley of the Brazos river, thence in a line, a general
 “course of which is due north, for upwards of three hundred
 “miles to Preston, on Red River, near the 34° of north latitude ;
 “thus passing centrally for three hundred and fifty miles through
 “the richest agricultural valleys in the world—as there is proba-
 “bly elsewhere no country in which a line of the same length
 “could be located to command so vast an area of fertile country as
 “this does, a country which has been heretofore land-locked, as
 “none of the numerous streams which intersect or border it, give
 “any certain or reliable facilities for navigation or transportation
 “of the products of the soil to market. This railway will tra-
 “verse five parallels of latitude, intersecting that vast wheat re-
 “gion south of Red River, which is the source of untold wealth to
 “the industrious immigrants to Northern Texas. On the centre of
 “this line are some of the most productive cotton lands in Amer-
 “ica, also pasturage for horses, cattle and sheep in unlimited num-

*Provision
 provided
 by note
 by bond*

"bers. The uplands produce cotton, and the alluvial bottoms of
 "the rivers, cotton and sugar cane. No line of road in America
 "can command such a variety of climate, products and soil, as
 "this, as it will afford means of transportation to a country ex-
 "tending from Kansas, at the North, to the Gulf of Mexico, at the
 "South; opening up an easy and rapid transit to market for the
 "present population, and constituting a great avenue, through
 "which thousands of the honest, hardy and industrious immi-
 "grants from the older States of the Union and Europe, will pour
 "in upon this Egypt of our continent, to seek and find new homes
 "for themselves, and wealth and independence for their posterity.
 "This company has eighty miles of its railway completed and in
 "active operation, and is rapidly pushing forward its works to
 "final completion."

April 1. Road completed 20 miles
 beyond Bayou & completed 40 miles beyond
 80 miles beyond Calcutt.

Old line. Bay State Co. New

Experiment - 58 hrs. - Euc. New from
 fish box pattern. Road as built

in excellent order. Stone culvert,
 new iron bridge, stone pier - piece
 of section.

Wade branch. Good freight 48

miles. Sub-culvert 300000 - Will
 eventually be covered by concrete
 piers.

CHARTER

OF THE

Galveston and Red River Railway Company.

An Act to establish the Galveston & Red River Railway Company.

SEC. 1. *Be it enacted by the Legislature of the State of Texas,* That a body politic and corporate be, and the same is hereby created and established, under the name and style of the "Galveston and Red River Railway Company," with the capacity to make contracts; to have succession and a common seal; to make by-laws for its government, and in its said corporate name to sue and be sued, to grant and to receive, and generally to do and perform all such acts and things as may be necessary and proper for, or incident to, the fulfillment of its obligations, or the maintenance of its rights under this Act, and consistent with the provisions of the Constitution of this State.

SEC. 2. That the said Company be, and hereby is invested with the right of making, owning and maintaining a Railway from such point on Galveston Bay, or its contiguous waters, to such point on Red River, between the eastern boundary line of Texas and Coffee's station, as the said Company may deem most suitable, with the privilege of making, owning and maintaining such branches to the Railway, as they may deem expedient.

SEC. 3. That Ebenezer Allen, and such other persons as he may associate with for the purpose, are hereby appointed commissioners, and invested with the right and privilege of forming and organizing the said Company, of obtaining subscriptions to the capital stock,

and distributing the shares thereof; and generally of taking such lawful measures to secure the effectual organization and successful operation of said Company, as they may deem expedient.

Approved, March 11, 1848.

An Act, Supplemental to An Act "to establish the Galveston and Red River Railway Company."

SEC. 1. *Be it enacted by the Legislature of the State of Texas* That all portions of the Act to establish the Galveston and Red River Railway Company, approved the 11th of March, 1848, contained in the 4th section and all the subsequent sections thereof, be, and the same is hereby repealed; and whereas, it is desirable to preserve uniformity in the several acts establishing Railway Companies passed by this Legislature, the following provisions are hereby adopted, at the instance of the commissioner named in the said original Act, for the government, formation and observance of the Company thereby established.

SEC. 2. That the meetings of the commissioners provided for by this Act, and the said original Act, may be held at such times and places as they may appoint; and, at said meetings, the commissioners may act in person or by proxy.

SEC. 3. The capital stock of said Company to consist of all its property, real and personal, franchises and rights of property, shall be divided into shares of one hundred dollars each, each share entitling the owner thereof to one vote, by himself or proxy, at all meetings of said Company. That said shares shall be deemed personal estate, and shall be transferable by any conveyance in writing, recorded by the Treasurer in the books kept by him at his office, or in such other manner as the by-laws of said Company shall provide.

SEC. 4. The immediate government and direction of the affairs of said Company shall be vested in a Board of not less than six Directors, who shall elect one of their own number as President of

said Company. No person shall be eligible to the office of Director unless an owner or subscriber of at least five shares of the stock of said Company; the Directors shall have the power to fill any vacancy that may occur in said Board from non-election, death or otherwise, and may appoint a Secretary, Treasurer, and such other officers and agents as they may consider necessary, and prescribe and require bonds for the faithful performance of their duties; they may, if not otherwise provided by the by-laws, determine the manner of conducting all meetings, the number of members that shall constitute a quorum, and to do, or cause to be done, all other lawful matters and things which they may deem necessary and proper, in conducting the matters of the Company. They shall keep, or cause to be kept, accurate records of all meetings of the Directors and Company, and accurate books of accounts of the receipts and expenditures of the Company, and all other books necessary and proper to be kept by the Company, which shall be open to the inspection of the stockholders; a majority of the Board of Directors shall have the authority of a full Board, and all conveyances and contracts in writing, executed by the President, and countersigned by the Secretary, or any other officer or person authorized by the Directors, under the seal of the Company, and in pursuance of a vote of said Directors, shall be valid and binding.

SEC. 5. The shares may be disposed of, and books opened for subscriptions thereto, in such manner and on such terms as said commissioners shall determine will be best for the interest of said Company; and any agreement in writing, by which any person shall become a subscriber to the capital stock of said Company, may be enforced against him according to its terms; and if any subscriber shall fail to pay any amount due upon shares subscribed by him, according to the terms of his subscription, the Directors may sell at auction and transfer to the purchaser the shares of such delinquent; and if the proceeds of sale shall not be sufficient to pay the amount due on said subscription, with the interest and charges, such delinquent shall be held liable to the Company for the deficiency; and if the proceeds shall exceed the amount so due, with interest and charges, said delinquent shall be entitled to the surplus.

SEC. 6. It shall be lawful for the Company to enter upon and purchase, and otherwise take and hold, any lands necessary for the purpose of establishing and constructing said Railway, with all necessary depots and other buildings; and if they shall not be able to obtain said lands by agreement with the owner thereof, they shall pay therefor such compensation as shall be determined in the manner provided by the following section; provided, that the land so taken for the road-bed shall not exceed two hundred feet in width, and for depots and other buildings only such further width as shall be needed for such purposes.

SEC. 7. Any person, when land has been taken as aforesaid, without agreement or satisfactory compensation, may apply to the District Court of the county in which said land is situated, for the appointment of, and said Court shall thereupon appoint, three disinterested freeholders of the county, who shall appoint a time and place to hear the applicant and the Company, to whom shall be given, by said freeholders, reasonable notice of the said time and place, and said freeholders shall, after being sworn, and after due hearing of the parties, determine the amount of compensation, if any, to which the applicant may be entitled, and to make return of their award to the next succeeding term of said Court; and said award, if not rejected by said Court for sufficient cause, then shown, shall be entered up as the judgment of said Court. In determining the question of compensation, said freeholders shall be governed by the actual value of the land at the time it was taken, taking into consideration the benefits or injury done to other lands and property of the owner, by the establishment of said Railway; and if the amount of compensation awarded by said freeholders shall not exceed the amount offered by said Company to the owner, prior to said application to the Court, the applicant shall pay the cost of the proceedings; otherwise the Company shall pay the same.

SEC. 8. It shall be the duty of said Company, whenever any State or county road, now by law established, shall be crossed by the track of said railway, to make, and keep in repair, good and sufficient causeways and crossings; and in all cases where any person who shall own lands on both sides of said Railway, and there shall be no other convenient access from one part to the

other, such owner shall have the right of passage, free of cost, at all reasonable times, across the track of said railway.

SEC. 9. This Company is hereby required, at all reasonable times, and for a reasonable compensation, to draw over their road the passengers, merchandise and cars of any other railroad corporation which has been, or hereafter may be, authorized by the Legislature to enter with their Railroad, and connect with the Railroad of this Company; and if the respective Companies shall be unable to agree upon the compensation aforesaid, it shall be the duty of the President of each Company to select, each, one man as a commissioner, and the two commissioners so selected, shall choose a third in case of disagreement, neither of whom shall be a stockholder in either road, or interested therein, and they shall fix the rates, which shall not be changed for one year from the time of going into effect. The said commissioners shall also fix the stated periods at which said cars are to be drawn as aforesaid, having reference to the convenience and interests of said corporations and the public, who will be accommodated thereby. The right or power is specially conferred on this said Company to connect and contract with any Railroad Company chartered by this State for the performance of like transport; and in case of disagreement between said Companies, the same shall be referred and settled as aforesaid; and be binding for one year, as aforesaid.

SEC. 10. That the said Company may acquire real estate by gift or purchase, and that such commissioners hereinbefore mentioned shall have full authority to solicit and receive subscriptions and conveyances of land to said Company, until the time fixed for the first meeting of the commissioners, which authority may be extended by said meeting; which land, so obtained, shall be alienated by said Company in the following manner: one-fourth in six years, the one-fourth in eight years, the one-fourth in ten years, and the other fourth in twelve years, from the time the same was acquired.

SEC. 11. If the track of this Railway shall cross any navigable stream, it shall do it in such way as not to obstruct its navigation.

SEC. 12. Said Company shall have the right to demand and receive such rates and prices for the transportation of passengers

and freight, as they may think proper to establish, not to exceed five cents per mile for passengers, and fifty cents per hundred pounds for freight, for every hundred miles the same may be carried.

SEC. 13. If any person shall wilfully injure or obstruct said Railway or its property, such person may be punished, when prosecuted by indictment for said offence in due course of law, and also liable to action by said Company, or any person whatever who may suffer in person or property from said wilful obstruction, for the amount of damages occasioned thereby.

SEC. 14. There shall be granted to said Company, eight sections of land, of six hundred and forty acres each, for every mile of Railway actually completed by them, and ready for use; and, upon application of the President of the Company, or any duly authorized agent thereof, stating that any section of five miles, or more, of said Railway has been completed, and is ready for use, it shall be the duty of the Comptroller of Public Accounts to require the State Engineer, or a Commissioner to be appointed by the Governor, to examine said Railway, and upon his certificate that said section of said Railway has been completed in a good and substantial manner, and is ready for use, the Comptroller shall give information of that fact to the Commissioner of the General Land Office, whose duty it shall be to issue to said Company land certificates to the amount of eight sections of land, of six hundred and forty acres each, for each and every mile of Railway thus completed and ready for use; such certificates shall be for six hundred and forty acres each, and shall be located upon any unappropriated public domain in the State of Texas, within twelve months from the issuing thereof, which date shall appear upon the face of each certificate; and upon the return of the field-notes of any survey, made by virtue of any certificate thus issued, it shall be the duty of the Commissioner of the General Land Office to issue patents to said Company in their corporate name; one-fourth of which said land thus patented shall be alienated by the Company in six years, one-fourth in eight years, one-fourth in ten years, and the other fourth in twelve years; so that the whole

of the lands thus granted shall pass from the hands of the Company within twelve years from the date of patents thus issued.

SEC. 15. Said Company shall be required to have a good and sufficient brake upon the hindmost car in all trains transporting passengers or merchandise, and also permanently stationed there, a trusty and skillful brakeman, under a penalty of not exceeding the sum of one hundred dollars for each offence, to be recovered in any court of competent jurisdiction, for the benefit of the State; and said Company shall cause to be placed on each locomotive engine passing over the road, a bell of the weight of at least thirty-five pounds, or a steam whistle, and the said bell shall be rung, or the whistle blown, at a distance of at least eighty rods from the place of crossing any highway or turnpike, and kept ringing or blowing until the engine has passed or stopped. Said Company shall be required to construct their railroad with good T or U iron rails. Provided, that no land shall be donated unless the Company shall actually commence their road within two years, and actually complete and finish at least ten miles within three years.

SEC. 16. Nothing in this act shall be so construed as to confer banking privileges or powers of any kind whatever.

SEC. 17. If said Railway shall not be commenced within five years from the passage of this act, and at least twenty miles thereof are not completed within six years, then this charter shall be null and void. And it is hereby provided and declared that it shall be lawful for any other Railway, hereafter to be constructed, to cross the said Railway or any branch thereof, or to connect with any point therewith.

SEC. 18. The said Company shall have the right to take and hold as much of the public land, not exceeding two hundred feet wide, as the said Railway, or any of its branches may pass through, for the track thereof, and such additional width as may be absolutely necessary for any depot or other work, for the purpose of the Railway, that the Company may deem proper to establish; and in all cases where such Railway, or a branch thereof, shall pass through any public lands, all such lands, to the depth of three miles from the exterior line of the track on each side thereof shall

be, and are hereby reserved to the State from and after the time such track shall be fixed or designated by survey, reconnoissance or otherwise ; and the said lands, as far as the road is constructed, shall be divided into sections fronting one mile each on the road, which sections shall be numbered, and the corners of each section on the road plainly marked ; and of those reserved lands, the Company shall have the right, by virtue of any of their certificates issued in accordance with the provisions of this act, to cause to be located, surveyed and patented for their use, each alternate section, such section in each instance embracing a tract of land fronting one mile on said road, and extending back three miles, preserving an equal width ; and the remaining sections shall continue the property of the State until disposed of by the Legislature.

Approved, February 11, 1852.

An Act for the Relief of the Galveston & Red River Railway Company, Approved January 23d, 1856.

SEC. 4. That said Company is authorized to borrow money from time to time, for the construction of their Railway ; and to secure such loan by pledging and mortgaging the property, both real, personal and mixed, of said Company, and to issue bonds with interest warrants annexed, and payable at such time and place as the Directors may deem proper.*

An Act Amendatory of, and Supplementary to, an Act to establish the Galveston & Red River Railway Company, and the several Acts Supplemental thereto.

SECTION 1. *Be it enacted by the Legislature of the State of Texas,* That the Galveston and Red River Railway Company may change its name to that of the Houston and Texas Central Rail-

* N. B.—The balance of the above act relates to matters in the past not pertinent to any existing fact or condition of the Company.

way Company, and by that name may sue and be sued, grant and receive, and generally do and perform all such acts and things as they could legally do under their present name; and all acts heretofore done in said name shall be as binding upon said Company and in favor of said Company upon third parties in said new name as they were under the first name; and said change of name shall in no way forfeit or change any rights or liabilities now existing between said Company and State or third parties; provided that this act shall first be accepted by the President and Directors of said Company, and notice of said acceptance shall be filed in the office of the Secretary of State.

SEC. 2. That said Company shall have the right to cross any navigable stream, by ferry, bridge or otherwise, and shall have the right to acquire and exercise such ferry privileges as may be necessary for its business, and said road crossing any such streams, by a good and convenient ferry, shall be considered as continuous as if crossing upon a bridge; provided the same shall not obstruct the navigation of any such stream.

SEC. 3. That a failure to complete the second section of twenty-five miles of road of said Company, within one year after the construction of the first section, shall not work a discontinuance as to said Company of the benefits of the Act entitled "an Act to encourage the construction of Railroads in Texas by donations of lands," or any other general or special laws relative to railroads, if said Company shall have completed their second and third sections, amounting to at least fifty miles, at the expiration of two years after the construction of said first section.

SEC. 4. That section twelfth of the Act supplementary to the Act to establish the Galveston and Red River Railway Company, passed February, eighteen hundred and fifty-two, be, and the same is hereby amended so as to read as follows: Said Company shall have the right to demand and receive such rates and prices for the transportation of passengers and freight, as they think proper to establish, not to exceed five cents per mile for passengers, and fifty cents per hundred, and twenty-five cents per foot for freight, per every hundred miles the same may be carried.

SEC. 5. That this act take effect and be in force from and after its passage.

Passed, September 1st, 1856.

An Act Granting Lands to the Houston & Texas Central Railway Company.

SECTION 1. *Be it enacted by the Legislature of the State of Texas,* That the Houston and Texas Central Railway Company, shall be entitled to receive from the State, a grant of sixteen sections of land, of six hundred and forty acres each, for every mile of road it has constructed, or may construct and put in running order, "in accordance with the provisions of the charter of said Railroad Company," provided, that the lands heretofore drawn by said Company by virtue of "an Act to encourage the construction of Railroads in Texas by donation of lands, approved, January 30th, 1864," be deducted from the amount of lands granted hereby; and provided further, that the land certificates heretofore issued to this Company on the three first sections of their road, by virtue of the Act aforesaid, be included in the terms, benefits and conditions of this Act, as if issued by virtue of its provisions; and further provided, that said Company shall construct, and put in running order, a section of twenty-five miles of additional road to that now built, within one year from January 1st, 1867, or fifty miles within two years from that date; and such grant of land shall be discontinued when said Company shall fail to construct and complete at least twenty-five miles of the road contemplated by their charter, each year after the construction of said first mentioned fifty miles of road; provided that said road shall be put in running order to Bryan Station, and cars run regularly thereon by the 1st day of September, 1867.

SEC. 2. Whenever said Company shall have completed, and put in running order, a section of twenty-five miles or more of its road beyond the point which land has been granted and drawn,

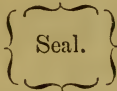
they may give notice of the same to the Governor, whose duty it shall be to appoint some skillful engineer to examine said section of the road, and if upon the report of said engineer under oath, it shall appear that said road has been constructed in accordance with the provisions of its charter, and of the general laws of the State in force at that time, regulating railroads, thereupon it shall be the duty of the Commissioner of the General Land Office to issue to said Company, certificates of six hundred and forty acres each, equal to sixteen sections per mile of road so completed; thereupon said Company may apply to the District Surveyor of any Land District to survey any quantity of vacant lands subject to location and entry in such district, not to exceed twice the quantity of certificates so issued, and may caused to be surveyed the land so designated, into sections of six hundred and forty acres each, or half sections of three hundred and twenty acres each, which surveys shall be delineated upon a map or maps, the even and odd sections, and half sections, and being differently colored, and regularly numbered from one upward to the full number contained in the block, and field notes of said survey, and map or maps, shall be by said company deposited with the Commissioner of the General Land Office, and it shall be the duty of said Commissioner to issue to said Company patents for the odd sections and half sections of said surveys; and all the alternate or even sections and half sections shall be reserved to the use of the State, until appropriated by law, and not liable to location, entrance or pre-emption privileges.

SEC. 3. That surveys under the provisions of this Act, shall be made by Deputies and District Surveyors of the District in which the land is situated, and the field notes shall be recorded in such District, and returned to the General Land Office, as other surveys; and said Railroad Company shall construct their road in the line heretofore prescribed by an Act for the relief of the Houston and Texas Central Railway Company, approved February 8th, 1861.

Approved, September 21st, 1866.

DEPARTMENT OF STATE, }
AUSTIN, TEXAS, Sept. 22d, 1866. }

I hereby certify the above to be a true and correct copy of the original, now on file in my department.



In testimony whereof, I have hereunto signed my name, and caused the seal of this Department to be affixed the day and year first above written.

Signed:

JOHN A. GREEN,

Secretary of State.

BY - LAWS.

ARTICLE I. A general meeting of the stockholders of this Company shall be held annually, at its office in the City of Houston, on the first Monday of May of each year, at which meetings there shall be elected nine Directors, who shall each be a stockholder for at least five shares, and from the number of Directors, a President and Vice President shall be elected, who shall constitute a Board, to manage and conduct the affairs of the Company until the next annual meeting, and shall transact such other business as may be deemed necessary or expedient under the powers vested in the Company by the Charter and general laws regulating Railroad Companies. The President and Vice President to be chosen by the Directors.

ART. II. Special meetings may be called by the President, whenever he deems it necessary; and shall be called by him whenever requested in writing, stating the object of the call, and signed by a majority of the Directors, or by any number of stockholders owning not less than one-fourth of the shares entitled to vote.

ART. III. Notice of such special meeting, distinctly stating the business to be transacted or object of the call, and the time and place of meeting, shall be published in some newspaper printed at Houston, for at least four weeks.

ART. IV. All special meetings shall be held at the Company's office in Houston; and no other business shall be done at them, than such as relates directly to the objects stated in the call or notice.

ART. V. Stockholders owning, or representing by proxy, at least one-half of the shares entitled to vote, must be present to

constitute any meeting of the Company, whether general or special.

ART. VI. All meetings may be adjourned from time to time; but no business shall be done at an adjourned special meeting, except such as was unfinished at the last adjournment.

ART. VII. At all Company meetings each stockholder, according to the register of stock, shall be entitled to one vote for each share owned by him, which votes may be given either personally or by proxy, authorized by writing signed by the stockholder, but no person shall act as proxy, unless he be himself a stockholder, and unless, also, the instrument authorizing him to act, shall have been delivered to the Secretary to be noted on the record.

ART. VIII. All questions or propositions shall be decided by a majority of the votes of stockholders present or represented by proxy; and, in the event of a tie, then the President of the meeting shall be entitled to give the casting vote.

ART. IX. The President elected by the Company, shall preside at all meetings of the Company, and of the Directors, sign all certificates of stock or shares, and also all deeds and other contracts requiring the seal of the Company, and generally superintend the affairs of the Company, and discharge of their duties by its officers, recommend measures necessary for its welfare, and also perform such other duties as may be prescribed by the Company, or by the Directors in accordance with the by-laws.

ART. X. In the absence of the President, or in case of vacancy therein, by death or resignation, the Vice President shall be, and discharge the duties of the President; and in case of vacancy occurring in both offices, then the Directors shall elect a President *pro tempore*.

ART. XI. A Secretary to be elected by the Board of Directors, shall also be the Secretary of the Company; he shall attend all meetings of the Company and Directors, and keep a correct record of their proceedings in a well bound book; he shall also keep the books of the Company and of the Board, register all shares of stock and assignments thereof, and note in his record all proxies delivered to him, countersign all certificates of stock or shares, and all deeds and contracts requiring the seal of the Company, keep the seal and affix it only to such instruments as he may be

ordered by the Board of Directors, according to the by-laws, or by the Company in meeting, and perform such other duties as may be prescribed for him by the Board of Directors. In the absence of the Secretary at any meeting, a Secretary *pro tempore* may be appointed.

At every general meeting, and also at special meetings, when the call or notice requires it, a full and plain report of all the acts and proceedings of the Directors and other officers of the Company, so prepared as to exhibit a fair, full and distinct account of the condition of the affairs of the Company, shall be laid before the meeting for their information and action; it shall be made by the President and Directors, accompanied with reports and accounts of each officer.

All accounts of the Company shall be required by the Directors to be balanced at least quarterly, and thereupon also an exact balance sheet shall be made up by the Secretary and other officers, which shall exhibit a true and full statement of the capital stock, credit, and property of every description, belonging to the Company, and an accurate statement of the amount and character of the liabilities and a distinct view of the profit or loss, which may have arisen on the transactions of the Company.

The seal of the Company shall be of circular form, with the words, "Houston and Texas Central Railway Company," in a circle, and a small five pointed star within them; it shall be kept by the Secretary, subject, however, to the control of the President and Directors.

All certificates of stocks or shares, deeds and other contracts requiring the use of the seal of the Company, shall be signed by the President, countersigned by the Secretary, and authenticated with the seal; but no sale or conveyance of any property of the Company shall be made until it has been expressly authorized by vote of the Board of Directors.

The certificates for shares of the capital stock shall be numbered in progression, beginning with number one, each certificate shall be designated by its number, and shall be entered in a book called the "Register of Stockholders," re-entered therein from time to time, as changes may occur in ownership, or certificates issued,

with the names of the stockholders, their places of residence, and the number of shares to which each is entitled, designating each certificate by its number.

Each stockholder shall be entitled to a certificate of stock for each share belonging to him, and for which full payment has been made. The form of such certificate shall be as follows :

The Houston and Texas Central Railway Company.

NO. —.

IT IS HEREBY CERTIFIED, that _____ is the owner of _____ shares, number _____, in the capital stock of the Houston and Texas Central Railway Company, established under acts of incorporation of the Legislature of the State of Texas. This Certificate is transferable by assignment in writing, signed by the owner, and upon surrender of the Certificate with such assignment, the assignee will be entitled to a new Certificate of stock, in his own name.

Witness the hands of the President and Secretary, and the seal of said Company, at their office in Houston, Texas, this _____ day of _____, A. D., 18_____.

[L. s.] _____, President.

_____, Secretary.

The transfer of any share may be made by an instrument in writing, signed by the owner, which writing may be endorsed on the certificate, or made on a separate paper. The assignee must cause his transfer to be presented and delivered to the Secretary of the Company, before it will entitle him to be recognized as the owner, and upon presentation of such transfer, the Secretary shall record the same in books to be kept for that purpose, and called "Register of Transfers; and the President and Secretary shall issue new certificate or certificates, to the assignee as he may be entitled, unless they have notice or good information of fraud or invalidity of such transfer.

The "Register of Transfers" shall be closed three days before

each annual or special meeting, and no assignee of shares shall be entitled to vote by virtue thereof at such meeting unless such assignment has been presented for record before the time specified in this article.

If any certificate of stock shall become materially damaged, upon presentation thereof at any meeting of the Directors they may order it to be cancelled, and thereupon duplicate thereof shall be given to the owner. If any certificate be lost or be destroyed, then upon satisfactory proof thereof to the Directors, they may order a duplicate thereof to be issued to the owner, on such terms as may be reasonable for the protection of the Company.

In all cases of the issue of a duplicate or substituted certificate, due entry of the same shall be made in the Register of Stockholders.

Every stockholder shall have the right, during business hours, or other reasonable times, to inspect and examine all records of proceedings of the Company or Directors, and also the accounts and reports made at any time, and the books of all officers of the Company.

The Board of Directors shall exercise all powers vested in the Company by the Charter and general laws regulating Railroad Corporations, which are not otherwise delegated by the By-Laws, or restricted by them at regular and special meetings.

They shall hold quarterly meetings at the office of the Company, and not elsewhere, on the second Mondays of August, November, February and May of each year.

Special meetings may be called by the President when he deems it necessary, and shall be called by him whenever requested by two (2) Directors, to be always held at the Company's office. Notice of special meetings shall be given to each Director by the Secretary, or in case of his absence, sickness or delay, by the President or any two Directors.

Not less than two (2) thirds of the Directors shall constitute a quorum to do business, and the Directors can only act and vote in person. In case a quorum does not attend, those present may adjourn the meeting to some other time.

When a quorum is present, all the powers vested in the Board

may be exercised by a majority vote of those present, except to fill a vacancy in the Board, a vote of two (2) thirds of those remaining in the office shall be necessary. Also a vote of two (2) thirds of the whole number shall be necessary to order a sale of any real estate, or to purchase real estate, other than for roadway or construction purposes.

Also that a vote of a majority of the whole number of Directors shall be necessary to designate the line or route of the road, or to alter or change the same after it has been designated.

The Directors shall procure suitable books, and therein cause proper minutes to be made of all their proceedings, and records of all appointments and contracts made by them, and complete accounts of the Company, and proceedings of all Company meetings, and all other matters which they may deem useful; which books, at all reasonable hours, shall be open for the inspection of every shareholder, at the office of the Company. No business shall be done at any meeting of the Board until the record of the preceding meeting has been read and approved.

The Board of Directors shall have power to appoint a Treasurer, Engineers, Surveyors, Auditors and Committees, or other agents, and to prescribe their duties; but they shall not appoint any officer except such as are absolutely necessary for the transaction of business, and as the income of the Company will pay without incurring debt.

The Directors shall fix the salaries in compensation of every officer and agent, except their own, and may remove every officer or agent appointed by them at pleasure.

Every officer and agent shall make monthly reports to the Directors or the Executive Committee, containing a true and perfect account in writing, under his hand, all money received by him on account of the Company, and stating how, to whom, and for what purposes any such money may have been disbursed or handed over; and shall also return therewith the vouchers for such disposition of the money; and shall pay over to the Directors or such officer as they may appoint, all money or balances due from him to the Company.

Before any person entrusted with the custody or control of money or credit of the Company, shall enter on the duties of his office or agency, he shall give good and sufficient security by bond or otherwise, as may be satisfactory to at least two-thirds of the Directors, and approved by a vote entered on the minutes of their proceedings.

The Directors may make all *contracts* necessary and proper for executing the powers expressly granted them by the Charter or these By-Laws, and not restricted by them, in such modes and forms as they may deem proper for the benefit of the Company. But they shall not contract or agree for any loan, nor incur any debt by borrowing money, nor agree for, nor make any "deed of trust," "mortgage," or other "lien," on the property of the Company, (except loans from the State of Texas) without being expressly authorized so to do by vote of the Company at a general or special meeting.

The President and (3) three members of the Board of Directors shall constitute an Executive Committee, with power to do all things required for the interest of the Company in the interval between the meetings of the Board, subject, however, to the approval of the Board, to which they shall report all their acts in writing at each meeting.

The Executive Committee shall examine and audit the accounts of the Secretary, Treasurer, Superintendent, and all other officers, at least monthly, and report thereon to the Board at each meeting; and said Committee shall have power to suspend any officer from his functions and to appoint another person to fill the vacancy, *pro tempore*.

All committees of the Board shall make their reports in writing, and whenever a committee shall be appointed, the Secretary shall deliver to the chairman a transcript of the business referred to them.

Dividends may be declared by the Directors from time to time as the interest of the stockholders may require; and shall be declared on the written application of stockholders owning at least one-half the shares fully paid; but in no case shall *dividends* be

declared unless there be a surplus of neat profits from the earnings of the road on hand, and then to be paid in cash.

These By-Laws may be altered, amended or repealed, in whole or in part, only at a general "annual" meeting of the Company, and after notice of intention to propose such change shall have been given for at least (30) thirty days in some newspaper published at Houston.

In all cases of a failure to elect Directors at the annual period for doing so, the old Board shall hold over until an election shall take place.

DEED OF TRUST.

At a meeting of the Directors of the H. & T. C. R. Co., held at the office of the Company, on the 20th October, 1866, the following resolution was passed :

Whereas, it is expedient to raise funds for the purpose of consolidating the debts of the Houston and Texas Central Railway Company, and for the further construction of its road, and whereas, the *stockholders*, at their annual meeting on the seventh day of May, A. D. 1866, passed the following resolution, viz :

“That the Directors be, and they are hereby, authorized and “powered to make contracts and agreements for loans for any “amount, not exceeding twenty-five thousand dollars per mile, “upon any portion or the entire line of the road from Houston to “Red River, and for any such loans to make, execute and nego- “tiate the Bonds of the Company, bearing such interest and to “mature at such time after date, for such amounts as to them may “seem proper, and to secure the same by Deed of Trust, mortgages “or other liens upon all or any portion of the property of the “Company, without further action in the premises by the stock- “holders.”

Now, in pursuance of said resolution, be it resolved, that the President and Secretary be, and are hereby authorized to have prepared and executed, Bonds to the amount of twenty thousand dollars per mile, on the entire length of the road of the Company, built and to be built, and to make, execute and deliver to Shepherd Knapp and David S. Dodge, as the Trustees, a Deed of Trust to secure the same, the said Bonds and Deed of Trust to bear date July 1st, 1866, and to be in substance as follows, (which Deed of Trust was made, executed and delivered verbatim, as follows:)

THIS INDENTURE, made the first day of July, in the year One Thousand Eight Hundred and Sixty-Six, between "The Houston and Texas Central Railway Company," a Corporation created by the Legislature of the State of Texas, of the first part, and Shepherd Knapp and David S. Dodge of the City of New York, in the State of New York, Trustees, as hereinafter mentioned, of the second part, witnesseth :

Whereas, The said Houston and Texas Central Railway Company, formerly known as the Galveston and Red River Railway Company, in pursuance of An Act of the Legislature of the State of Texas, entitled "An Act to establish the Galveston and Red River Railway Company," passed March 11th, 1848, and the several acts supplemental thereto, and amendatory thereof, and particularly An Act entitled "An Act amendatory and supplemental to An Act to establish the Galveston and Red River Railway Company and several acts supplemental thereto," passed September 1st, 1856, by which last mentioned Act, the name of said Corporation was changed and declared to be "The Houston and Texas Central Railway Company," and which Acts declare that said Company is invested with the right of making, owning and maintaining a Railway from such point on Galveston Bay, or its contiguous waters, to such point on Red River, between the Eastern boundary line of Texas and Coffee's Station, as the said Company may deem most suitable :

AND WHEREAS, By An Act of the Legislature of the State of Texas, approved January 30th, 1854, entitled "An Act to encourage the construction of Railroads in Texas, by donations of lands," and the several Acts supplemental thereto, the said party of the first part is entitled to receive, amongst other lands, by donation from the State of Texas, to aid in the construction and equipment of its railroad, sixteen sections or square miles of land, of the public domain of said State, equal to ten thousand two hundred and forty acres of land, for each and every mile of its Railway built, for its whole length of about three hundred and eighty miles, from the City of Houston, or the tide waters of Galveston Bay, to Red River :

AND WHEREAS, said Railway Company, for the purpose of con-

solidating its debts already contracted, and to raise money for prosecuting the further construction of its said road to its terminal point on Red River, has determined to borrow a sum of money, by virtue of these presents, not exceeding Twenty Thousand Dollars per mile, and to issue its Bonds for the re-payment of the moneys which may be borrowed, with the interest thereon, such Bonds to be issued on the road already built, and on the road to be built, only so fast as the same shall be built, and not in advance thereof, and to be on an equality so far as regards security for the payment thereof, notwithstanding some of them may be issued after this date, and at different times, and may be signed by officers of said Railway Company, who may be the successors of those representing said Company in the execution of these presents, and issued by the Trustees who may be successors to those to whom these presents are executed and delivered; and the payment of said Bonds, and the interest to become due thereon, is secured as hereinafter mentioned, and which Bonds are substantially in form as follows :

No. -----

\$1000.

UNITED STATES OF AMERICA,)
THE STATE OF TEXAS.)

The Houston and Texas Central Railway Company, seven per cent. Land Grant Sinking Fund, first Mortgage, Gold bearing Bond, secured by first mortgage on ten square miles of land, or six thousand four hundred acres for each mile of road, and further secured upon the whole and entire line of said Railway, (constructed and to be constructed, commencing at the City of Houston, aforesaid, and extending to Red River, and upon all the appurtenances and privileges, chartered rights and franchises of said Railway Company.)

THIS CERTIFIES that the Houston and Texas Central Railway Company acknowledges itself indebted to Shepherd Knapp and David S. Dodge, or bearer, in the sum of one thousand dollars, gold and silver money of the United States of America, for value received, payable in the City of New York, in the State of New

York, on the first day of July, in the year (A. D. 1891) One Thousand Eight Hundred and Ninety-One, with interest thereon, at the rate of seven per cent, per annum, payable semi-annually, in the City of New York or London, in gold, as the interest coupons or warrants annexed may be stamped, on the first days of July and January, in each year ensuing, until the said principal sum shall be fully paid and satisfied, on the presentation and surrender of the annexed coupons, or interest warrants. The payment of the principal and interest of said Bonds is secured by a conveyance bearing date the first day of July, A. D. 1866, executed by said Railway Company, unto Shepherd Knapp and David S. Dodge. Trustees, conveying to said Trustees, ten sections, or six thousand four hundred acres of land, for each mile of said road constructed and to be constructed by the said Railway Co., being part of (10,240 acres) ten thousand two hundred and forty acres of land per mile, donated and granted by the State of Texas, to aid said Railway Company in the construction of its Railway, from the City of Houston to Red River, said lands having been, and are to be selected along the line of said Railway, and elsewhere from the public domain of the State of Texas, the said Trustees being, amongst other things, duly authorized and empowered in and by such conveyance, to sell said lands or any part thereof, and with the proceeds redeem said Bonds, from time to time, as they may be in funds from such sales. And as a further and additional security for the payment of said Bonds with interest, as aforesaid, the said Railway Company have, in and by said conveyance to said Trustees, also conveyed to said Trustees by way of mortgage, all and singular, the whole and entire line of said Railway, constructed and to be constructed, commencing at the City of Houston, aforesaid, and extending to Red River; and also, all and singular, the several tracts, pieces or parcels of land, which now are, or may hereafter be constituted the site of the road-way, turn-outs, engine-houses, workshops, depots and other buildings, and all the lands and real estate which now constitute or may may hereafter constitute or be a part of the road of said Company, from the City of Houston to Red River, in the State of Texas; and also, all and singular, the superstructure of said road,

whether now made or hereafter to be made, and all other improvements on, or pertaining to said railroad, whether now built and made, or to be built and made hereafter; and also, all and singular, the locomotive engines and other rolling stock, and all the other equipments of every kind and description, which have already been or may hereafter be procured for, or used on said road, and all the materials, tools, implements, utensils and other personal property which have been or may hereafter be procured in connection with said road; and also, all and singular, the chartered rights, liberties, privileges and franchises of said Railway Company, of every kind and description, relating to said road. And as a farther and additional security to the holders of this issue of Bonds, it is provided in said conveyance, that the said Railway Company shall deposit with said Trustees, on or before the first day of December, in each year, commencing with the year 1870, (eighteen hundred and seventy,) two per cent. of the amount of said Bonds, annually, as a sinking fund, in addition to that derived from the sale of lands, and with the same to purchase and cancel said Bonds. These Bonds are convertible into, or receivable at par, in payment for any of the lands of the Railway Company, hereby conveyed to said Trustees, to secure the payment of said Bonds, the same as if payment was made in money.

IN WITNESS WHEREOF, the said Houston and Texas Central Railway Company, in accordance with their Charter and By-Laws, have caused this Bond to be attested by its President and Secretary, and its corporate seal to be affixed thereto, this first day of July, A. D. 1866, (eighteen hundred and sixty-six.)

[L. S.]

-----President.

-----Secretary.

WE DO HEREBY CERTIFY, that the foregoing is one of a series of Bonds of One Thousand Dollars each, authorized, and not to exceed the rate of twenty thousand dollars (\$20,000) per mile of finished road, for each mile of constructed road, issued by the Houston and Texas Central Railway Company, to secure the payment of which, said Company has executed to us a Deed of Trust,

as stated in the above Bond, which deed of Trust bears date July 1st, 1866, and that we have accepted said Trust.

AND WE FURTHER CERTIFY, that this series of Bonds is secured by a first mortgage upon 6,400 (six thousand four hundred) acres of land, for each and every mile of said road constructed, and is also a first mortgage upon the whole line of said Railway, and its appurtenances, from the City of Houston to its terminus at Red River, about 380 miles, (three hundred and eighty miles,) and its chartered rights and franchises, excepting liens on the first seventy-five miles of said road, commencing at the City of Houston aforesaid, not exceeding in amount, four hundred and fifty thousand dollars to provide for, and secure the payment of this series of Bonds, with interest, and to make the said Deed of Trust, so executed to us, equivalent to a first mortgage upon the whole line of said Railway, we have withheld from issuance an equal amount with the said amount which is already a lien upon the said first seventy-five miles of said road, and which Bonds so withheld, are not to be issued, except as the foregoing amount which is now a lien upon said first seventy-five miles of said road shall be liquidated and discharged, so that in no event shall there be an incumbrance by the said series of Bonds, in the aggregate, on the said Railway and the lands so conveyed to us, of more than \$20, 000 (twenty thousand dollars) per mile, on each mile of said road built or to be built.

----- } TRUSTEES.
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AND WHEREAS, said Railway Company have determined to secure the payment of said Bonds and interest, in the following manner:

First, by conveyance unto the said parties of the second part and the survivor of them, or their and his successors, and successor, and their assigns, in the Trust hereinafter mentioned, all and singular, ten sections or square miles of land, for each mile of Railway built and to be built, for the whole length of its said road, from the City of Houston, aforesaid, to Red River, aforesaid, sit-

uated, lying and being in the said State of Texas, as hereinbefore mentioned.

Second, by conveying to the said parties of the second part, and the survivor of them, and their and his successors and successor, in and by the same Deed of Conveyance, but by way of mortgage, all and singular, the whole and entire line of said Railway, constructed and to be constructed, commencing at the City of Houston, aforesaid, and extending to Red River; and also, all and singular, the several tracts, pieces or parcels of land, which now are, or may hereafter constitute the site of the road-way, turn-outs, engine-houses, work-shops, depots and other buildings, and all the other lands and real estate which now constitute or may hereafter constitute, or be a part of the road of said Railway Company, from the City of Houston, aforesaid, to Red River, aforesaid, in the State of Texas; and also, all and singular, the superstructure and iron rails of said road, whether now built and made, or hereafter to be built and made, and all other improvements on, or pertaining to said railroad, whether now built and made, or to be built and made hereafter; also, all and singular, the locomotive engines and other rolling stock, and all other equipments of every kind and description, which have already been, or may hereafter be procured for, or used on said road, and all the materials, tools, implements, utensils and other personal property, which have been or may be hereafter procured in connection with the said road; and also, all and singular, the chartered rights, liberties, privileges, and franchises of said Railway Company, of every kind and description whatsoever.

Third, to deposit with the said Trustees, on or before the first day of December, in each year, commencing with the year 1870, (eighteen hundred and seventy,) two per cent. of the amount of said Bonds, annually, as a sinking fund, in addition to that to be derived from the sale of said lands.

NOW THEREFORE, THIS INDENTURE WITNESSETH, That the said party of the first part, in order to secure the payment of the said Bonds, or such of them as shall be issued, with interest to become due thereon, as aforesaid, and in consideration of the sum of *one dollar*, to the said party of the first part, in hand paid, *has*

granted, bargained, sold and conveyed, and by these presents, *does* grant, bargain, sell and convey, unto the said parties of the second part, and the survivor of them, and their and his successors and successor and assigns, all and singular, several ten sections or square miles of land for each mile of said Railway built, and to be built, for the whole length of said Railway, commencing at the City of Houston, aforesaid, and extending to Red River, situated, lying and being in the said State of Texas, as hereinbefore mentioned; and also, all and singular, the several tracts, pieces or parcels of land which now are, or may hereafter be, or constitute the site of the road-way, turn-outs, engine houses, workshops, depots and other buildings, and all other lands and real estate which now constitute, or may hereafter constitute or be a part of the road of the said party of the first part, from the City of Houston, aforesaid, to Red River, in the State of Texas; and also, all and singular, the superstructure and iron-rails of said road, whether now made, or hereafter to be made, and all other improvements on, or pertaining to said railroad, whether now built and made, or to be built and made hereafter; and also, all and singular, the locomotive engines and other rolling stock, and all other equipments of every kind and description, which have already been, or may hereafter be procured for, or used on said road, and all the materials, tools, implements, utensils and other personal property, which have been, or may hereafter be procured for or in connection with the said road, or any part thereof, for its whole length from the City of Houston, aforesaid, to Red River; and also, all and singular, the chartered rights, liberties, privileges and franchises of the said Railway Company, of every kind and description relating to the said road, which are now possessed by the said Railway Company, or which may at any time or times hereafter, be possessed by said Company, to have and to hold, all and singular, the property, real and personal, with the hereditaments and appurtenances, and all and singular, the chartered rights, liberties, privileges and franchises hereby conveyed, or purporting and hereby intended to be conveyed, unto the parties of the second part, and the survivor of them, and their and his successors and successor, and to their heirs and assigns forever, as joint tenants and not as tenants in common.

IN TRUST, NEVERTHELESS, and upon the trusts, terms and conditions, and with the powers herein expressed, and first subject to the following lien or mortgage now existing upon the first seventy-five miles of said road, commencing at the City of Houston, completed and in use, to-wit :

First, A mortgage for four hundred and fifty thousand dollars, (\$450,000), in favor of the State of Texas, for loans from the School Fund, under the provisions of An Act of the Legislature of the State of Texas, entitled "An Act to provide for the investment of the Special School Fund, in the Bonds of the Railroad Companies, incorporated by the State of Texas," passed August 13th, 1856, which loans bear interest at the rate of six per cent., and mature as follows .

\$150,000, on the 13th day of April, 1867 ;
 60,000, on the 23th day of October, 1867 ;
 60,000, on the 31st day of May, 1868 ;
 30,000, on the 23d day of February, 1869 ;
 30,000, on the 6th day of July, 1868 ;
 30,000, on the 15th day of June, 1869 ;
 30,000, on the 22d day of July, 1869 ;
 30,000, on the 2d day of August, 1869 ;
 30,000, on the 20th day of August, 1869 ;

\$450,000, with a sinking fund of two per cent. per annum, or nine thousand dollars a year, which the said Railway Company has paid, and is to pay. Said mortgages to the State of Texas cover the first seventy-five miles of said Railway, commencing at the City of Houston aforesaid, and are not liens upon any of the lands of the Company.

Second, in trust that when the said several ten sections or square miles, or six thousand four hundred acres of land, for each mile of road built, or to be built, hereby conveyed or purporting, and hereby intended so to be, shall be ascertained, surveyed and located, said Railway Company will make schedules and descriptions of the several sections and parcels of land, from time to time, as the same shall be surveyed and located, and affix thereto the minimum prices at which the same are to be sold ; which prices, in the

aggregate, for all of said lands acquired; or which may hereafter be acquired, and hereby conveyed or intended so to be, shall, together with the sinking fund, from the earnings of said railway, herein and hereby provided for, amount to the sum of at least the amount of the series of bonds which are provided to be issued under the provisions of these presents; and said Company will furnish said schedules and descriptions, duly certified by said Railway Company, to the said parties of the second part, together with an affidavit of the President and Secretary of said Railway Company, that to the best of their knowledge, information and belief, such minimum prices have been affixed, having reference to the relative value of the different sections and parcels of land; and as often as once in at least two years, the said Railway Company shall appraise said sections and parcels of land, and affix minimum prices thereto, in the same manner and with the like force and effect as aforesaid. And whenever, and so often as such schedule and description of said land shall be made as aforesaid, the same shall be duly acknowledged by the party of the first part under its corporate seal, and in such manner as to entitle them to be recorded, and shall be duly recorded by the party of the first part, in all counties in which said lands may be located; and the descriptions of said lands when made, shall be deemed and taken as a part of this indenture, in the same manner and with the like effect as though said description had been written and incorporated into the body of this indenture at the time of the execution and delivery thereof. And whenever said Railway Company shall certify, in writing, to said trustees, that it has contracted for the sale of any section or parcel of said lands, at a sum not less than the minimum prices affixed to the same, and ten per cent. at least, of the consideration, shall be paid to the trustees, and a bond and mortgage upon the premises contracted to be sold, in proper form, from the purchaser to the trustees, securing the residue of the consideration money, with the interest thereon, as hereinafter mentioned, shall be delivered to the trustees, such mortgage having been first duly acknowledged and recorded, the said trustees will thereupon make, execute and acknowledge a deed conveying to such purchaser, his heirs and assigns, all the rights, title, interest,

estate and property of the said trustees, of, in and to the section or parcel of land so sold, with a covenant that they have not done any act, matter or thing, to defeat or prejudice their title to the lands so conveyed; provided that in all cases the true consideration or price of the land shall be set forth in the conveyance, and shall in no case, except as hereafter provided, be less than the minimum price affixed to the same as aforesaid. The residue of the principal sum must be secured by the mortgage or deed of trust of the purchaser, and the interest thereon must not be less than the rate of eight per cent. per annum, and be payable annually.

Sales may also be made, in like manner, of any section or parcel of said land, at less than the minimum prices affixed to the same as aforesaid, provided that the President or Secretary of the said Railway Company shall make and furnish to said trustees an affidavit that the price agreed on is, in his opinion, the full market value of the land so agreed to be sold, and provided that the aggregate on all sales then previously made shall be equal to or above the aggregate of all the lands sold as specified in said schedules.

Third, the consideration money, or any such sales of said lands, may be paid either in whole or in part, by delivering to said trustees, to be cancelled, one or more of the said series of bonds which may have been issued by the said Railway Company, as aforesaid, at their par value; and payments upon any such mortgage of the purchaser of any of said lands, may be made by delivering to said trustees one or more of said bonds of the said Railway Company, as aforesaid, at their par value, amounting in the aggregate to said consideration or purchase money; and two or more purchasers of said lands may unite and pay a part or all of the aggregate amount of consideration money of their purchases, or a part or all of the aggregate amount of their mortgages, by delivering to said trustees said bonds, to the amount of such payment, to be cancelled.

And it is further provided by these presents, that if the lands which the said Railway Company is entitled to acquire, under the provisions of said acts, or any act or acts of the Legislature of the State of Texas, in that behalf, shall not be acquired,

secured and selected, within a reasonable time after the execution of these presents, and said schedules and descriptions thereof shall not be prepared and delivered as aforesaid by the said party of the first part, then the same may be done by the parties of the second part, in the same mode, but in the name of the said party of the first part, and recorded as aforesaid, and shall in like manner become a part of this indenture, as though said descriptions had been written in the body of this indenture, and shall be affixed to this instrument, in the same manner and with the like effect as if done by the party of the first part; and to that end and purpose, such trustees are hereby authorized and empowered to do all things requisite and necessary under the provisions of the said acts to entitle them to acquire, secure and select, such lands in the name of the said party of the first part.

And the said Houston and Texas Central Railway Company, the party of the first part hereto, doth hereby, for itself and its successors, covenant, promise and agree to and with the said parties of the second part, and the survivor of them, and their and his successors and successor, that the said party of the first part, and its successors, shall and will, at any time or times thereafter, and from time to time, execute, acknowledge and deliver, under its corporate seal, to the said parties of the second part, and the survivor of them, and their and his successors and successor, all such further and other assurances, deeds, mortgages, obligations, transfers, indentures and instruments in writing, and shall and will do all such further acts and things as shall or may be proper or necessary, or as their or his counsel, learned in the law, shall deem necessary, proper or expedient, for the better or more effectually securing the payment of the series of bonds provided to be issued under and by virtue of these presents, and the interest due or to grow due thereon, or for carrying into effect the interest, design, object and purposes of these presents, or making, preserving, continuing and keeping valid and effectual the lien and incumbrance, created or intended to be created by the execution, delivery and recording of this indenture, upon all the property, real and personal, rolling stock, equipments, franchises and effects, now owned, possessed or acquired, or which shall hereafter be owned,

possessed or acquired by the said party of the first part, and hereby granted and conveyed, or purporting and intended so to be.

And the said party of the first part doth hereby further covenant, promise and agree, to and with the said parties of the second part, and the survivor of them, and their and his successors and successor, that the said party of the first part shall and will appropriate and set apart from and out of the earnings of said railway for the year 1870 (eighteen hundred and seventy) and for each successive year thereafter, until all the bonds of the series provided for by this indenture, which may hereafter be issued, shall be paid off and extinguished, a sum annually equal to two per cent. of the amount of all such bonds as shall then be outstanding, which sum shall be paid to the said trustees by the party of the first part, on or before the first day of December in each of said years, and the said last mentioned moneys, together with all moneys which may accrue to, and be received by such trustees from the sale of lands in the execution of their said trust, after deducting all costs, charges and expenses attending such sales in the execution of the said trust, shall constitute a sinking fund for the redemption of the said bonds, and shall be faithfully applied to that object.

And it shall be the duty of any trustees or trustee, who shall act as trustees or trustee under and by virtue of these presents, whether named in this instrument, or who may be the successors or successor of those named therein, on or before the fifteenth day of December, 1872, (eighteen hundred and seventy-two,) and each ensuing year, to publish in one or more newspapers having general circulation in the cities of New York and London, at their discretion, an advertisement setting forth the amount of said sinking fund then on hand, and requesting the holders of said bonds to send written proposals to said trustees, specifying the terms respectively for which they would be willing to sell bonds held by them, and said advertisement having been published for sixty days, the trustees shall apply said amount to the purchase of such of said bonds as shall have been offered at the lowest price, provided that the price so to be paid shall not exceed ten per cent. premium on the par value of such bonds; but if said bonds can-

not be purchased at such rate, or at a less rate, by the said trustees, then it shall be the duty of such trustees, without any unreasonable delay, to invest the said amount on hand appertaining to said sinking fund, in the stocks of the United States, and all moneys appertaining to said sinking fund, which shall come into the hands of trustees from the sale of lands or otherwise, shall, for the time being, and until the same can be applied to the purchase of said bonds, or be invested in stocks as aforesaid, be deposited in one or more of the Trust Companies in the city of New York, upon the best terms which the said trustees, in their reasonable discretion, can obtain for the same.

And the trustees, or trustee, who shall act under and by virtue of these presents, shall as often as once in each year during the continuance of their trusteeship, if required by the party of the first part, make and furnish to the said party of the first part, a detailed statement of the land sold by them, and also of the moneys and securities in their hands as such trustees, and of such other matters connected with their trusteeship, as the said party of the first part may reasonably require.

Whenever the trustees shall receive any of the bonds above mentioned, in payment for lands sold, or on mortgages held by them as such trustees, or by purchase of such bonds, as above provided, the same, with any unpaid interest warrants, or coupons annexed thereto, shall be immediately cancelled, and shall thereafter only be held as vouchers by said trustees. And if default shall be made in the payment of the principal sum of said bonds, or any of them, when they shall become due, the said trustees, and the survivors of them, and the successors and successor of such survivor, may thereupon sell at public or private sale, for the best price which can be obtained for the same, all or any part of said lands, which shall then remain unsold, sufficient to pay the principal and interest then remaining due upon any of said bonds which shall then be outstanding and unpaid; and such trustees may appoint one or more agents or attorneys, to make sales, execute conveyances, and receive the purchase money and pay the said principal moneys and interest then remaining unpaid on said

bonds, or any of them, or apply the same *pro rata*; if not sufficient to pay said bonds and interest in full.

And it is further understood and agreed that until default shall have been made in the payment of the principal or interest of the said bonds, and a deficiency shall be found to be due and payable on said bonds, after having applied the moneys which shall constitute said sinking fund, and the proceeds of the sales of all the lands described in this indenture, or the proceeds of such of said lands as shall have then been made, or which can be sold by said trustees, to the payment of said bonds and interest, and such costs, charges and expenses as the trustees may sustain or be put to in the execution of the trust hereby created, said Railway Company shall be suffered and permitted to possess, hold and enjoy the said Railway, with all its appurtenances and equipments, and all other things appertaining to the Railway, and to use and operate the same, and receive the income and profits thereof in the same manner as though this indenture had not been made and executed; provided always, however, and these presents are made upon this further condition, that if default shall be made in the payment of the interest which shall accrue and become due upon the said bonds, or any of them, or any part thereof, then and in every such case, it shall be the duty of the said trustees at the request of any bond holder or coupon holder, forthwith to make a demand, in writing, on the President or Secretary of the Company, if any there shall be, or any officer representing said Company, that payment of said interest so in arrear, and unpaid, be forthwith made; and if said Railway Company shall continue to make default in the payment of such interest for the space of sixty days after such demand, the said trustees shall, and they are hereby fully authorized and empowered, to enter and take possession of the entire of said Railway, with all and singular the appurtenances thereto belonging or in anywise appertaining, or so far as said road may then be constructed and in operation, or any part thereof, at their option, together with all and singular the other furniture, equipments, rolling stock, depots and appurtenances as hereinbefore described; and said trustees are hereby fully authorized and empowered to take such possession without process of law, or other

legal proceedings, and to use, operate and work said Railway and receive the earnings, income and profits of the same, paying from such income and earnings the expenses of running and operating said Railway, and all needful and necessary repairs to the same, until the nett profits arising from the earnings of said Railway shall be sufficient to pay and discharge such arrears of interest in full, when and whereupon the said Railway, with all its appurtenances aforesaid, shall be surrendered and delivered up to the said party of the first part; it being understood and agreed that the said trustees, while they shall be so in the possession of the said Railway, shall have free access to all the books of the Company, and shall have the right to make and pay out of said earnings, for all necessary repairs to said road, and its equipments and its appurtenances, and may pay any floating debt or debts of the Company, as well as their own expenses and reasonable charges and costs of repairs, as aforesaid, out of the gross earnings of the said road.

And it is further agreed and provided, that if default shall be made in the principal sum or sums by virtue of the said bonds or any of them, or any part thereof, at maturity, it shall be the duty of the trustees thereupon, to proceed and sell such of the said lands hereby conveyed as shall then remain unsold, or so much thereof as may be necessary to raise sufficient moneys to pay off and fully satisfy and discharge, all and singular, the said bonds then outstanding, with all arrears of interest thereon, together with all costs, charges and expenses of making such sales, and of executing the trusts hereby created, and in attending to the business thereof; and in such case the trustees may, in their own discretion, sell such lands in parcels, at public or private sale, at such time or times, and at such place or places, and at such price or prices, as they, the said trustees, in their discretion, may deem best for the interests of the said bondholders; but if it shall be deemed expedient by the trustees to sell at public auction, then they shall first advertise the same for the space of ninety days, in one or more newspapers published in each of the cities of New York and London, having general circulation, setting forth the time, place and terms of sale, and giving a general description of the lands to be

sold; and they shall have power, in their discretion, to hold auction sales, for the purpose of selling said lands in portions, from time to time, and the proceeds of all and singular of such sales, after deducting and paying all the expenses attending the same, and for executing the trusts hereby created, shall be applied to the payment of such of said bonds as shall then be outstanding, and the interest then due thereon; but if the nett proceeds of such sales shall not be sufficient to pay off said bonds and interest in full, and a balance shall be found to be still unpaid, after the application of the said nett proceeds to the payment of such bonds and interest, then, and in such case, it shall be the duty of the trustees, and they are hereby fully authorized and empowered, at the end of six months, from the time of the maturity of the said bonds, at the request of any holder of said bonds, or any of them, to take into their possession the entire road or railway of said Railway Company, from the City of Houston, aforesaid, to its terminus on Red River, or elsewhere; and also, all and singular, the several tracts, pieces and parcels of land which may then constitute the site of the road-way, turn-outs, engine-houses, workshops, depots and other buildings, and all other lands and real estate which shall then constitute or be a part of the road or railway of the said party of the first part, from the City of Houston to its terminus on Red River, or elsewhere in the State of Texas; and also, all and singular, the superstructure of said road, and all other improvements on, or pertaining to said railroad, and also all and singular, the locomotive engines and other rolling stock, and all other equipments of every kind and description, (which may then be on said road), and all materials, tools, implements, utensils and other personal property procured for, or in connection with said road, or any part thereof, for its whole length, from the City of Houston, aforesaid, to its terminus at Red River, or elsewhere; and also, all and singular, the chartered rights, liberties, privileges and franchises of the said The Houston and Texas Central Railway Company, by whatsoever corporate name or style it may then be known, or called; and after advertising the same for the space of ninety days, in one or more newspapers printed in the cities of New York and London, and having a general circulation in said cities, which

advertisement shall set forth the time, place and terms of sale, and a general description of the property to be sold, to sell the same at public auction, to the highest bidder, as well as all and singular, the said Railway, rights, franchises, as all other the property, real and personal, and premises appertaining to said Railway, and hereby granted, assigned, mortgaged, pledged, transferred and set over to the said parties of the second part, or intended so to be, and all benefits and equity of redemption whatsoever. of the said "The Houston and Texas Central Railway Company," the party of the first part hereto, of, in and to the same, and every part and parcel thereof, together with all chartered rights, liberties, privileges and franchises belonging thereto, or connected therewith; and as the attorney or attorneys of the said The Houston and Texas Central Railway Company, the party of the first part hereto, for that purpose by these presents duly constituted and appointed, the said parties of the second part, and the survivor of them, and their and his successors and successor, shall have full power and authority to make, execute, acknowledge and deliver to the purchaser or purchasers thereof, good, valid and sufficient deed or deeds, conveyance or conveyances, assignments or transfers, in fee simple or otherwise, of the said Railway, lands, tenements and real estate appertaining to the said Railway, and of all and singular, the said personal or other property, chartered rights, liberties, privileges and franchises hereby granted, assigned, mortgaged, transferred or conveyed as aforesaid, which sale so to be made as aforesaid, and which deeds, conveyances, assignments and transfers so to be made and delivered as aforesaid, shall operate to convey, assign and vest in said purchaser or purchasers, all the rights, title, interest and estate whatsoever, reversionary or otherwise, of the said Houston and Texas Central Railway Company, of, in and to the premises so sold, conveyed, assigned or transferred, and which sale, so to be made, shall be a complete and perpetual bar, both at law and in equity, against the said Houston and Texas Central Railway Company, the party of the first part hereto, its successors and assigns, and all persons or parties claiming by, from or under it or them, in anywise or manner whatsoever, and that out of the moneys or proceeds arising from such

sale so to be made as aforesaid, after first deducting the expenses, costs, charges and counsel fees incurred in and about the conducting the said sale, they, the said parties of the second part, and the survivor of them, and their and his successors or successor, shall pay and apply the same to the payment and extinguishment of the balance which shall then remain due and unpaid on said bonds, both principal and interest, rendering or paying over the surplus of all such moneys, if any there shall be, to the said party of the first part hereto, its successors or assigns. And the said party of the first part covenants to pay and satisfy all taxes of every nature and kind whatsoever, ordinary and extraordinary, which shall or may be levied or imposed upon any of the lands, property or object embraced in this indenture of mortgage, and in case it shall neglect to pay such taxes, or any of them, for the space of ninety (90) days from the time when such taxes shall become due and payable, then it shall be lawful for the said parties of the second part and their successors, and survivor of them, to pay and satisfy all such taxes, out of any moneys, funds or property which may be in their hands belonging to the said party of the first part, or in which they may be interested; and said parties of the second part and their successors, and the survivor of them, are hereby fully empowered and authorized to issue and sell the bonds of the said party of the first part, provided by this indenture, to raise money with which to pay said taxes.

This Indenture further witnesseth, and these present are upon this express condition, that upon the payment in full of said Bonds, and interest due thereon, before any sale of said Railway with its appurtenances and franchises shall have been made aforesaid, then these presents and the estate hereby granted in respect to the said Railway with its appurtenances and real and personal estate appertaining thereto, and used in connection therewith, with its said franchises, and also in respect to all of said lands hereby granted and conveyed, as shall not then have been sold and disposed of, at the time of the payment of all of said Bonds and interest, shall cease and be void, and the said Houston and Texas Central Railway Company shall, in respect to said last mentioned matters be immediately reinvested, in law and in fact, with the said Railway

and its appurtenances, and said real and personal estate appertaining thereto, and used in connection therewith, and shall also be re-invested in law and in fact, with all of such other lands and premises hereby granted and conveyed as shall not then have been sold or otherwise disposed of, without any entry or other act whatever; and the said party of the first part covenants and agrees to cause this deed to be duly recorded in all proper counties and other places, and will satisfy, pay and discharge all taxes, charges, liens and other burdens, which either exist or may hereafter be imposed, or arise, upon all or any part of the property hereby granted or conveyed, or intended so to be, and the trustees assume no duty or responsibility on these subjects, or in relation to any other matter, except as herein expressly provided.

The said party of the first part hereby further covenants and agrees to and with the said parties of the second part, and the survivor of them, and with their and his successors and successor, (that the party of the first part shall, and will, from time to time, and at all times hereafter, pay to the said parties of the second part, and the survivor of them, and their and his successors and successor), all costs, charges and expenses as the trustees may sustain or be put to in the execution of the trusts hereby created; and further, that the said party of the first part shall, and will, from time to time, and at all times hereafter, keep the said trustees fully indemnified and saved harmless against all such costs, charges and expenses.

And it is further hereby provided and agreed, that the said parties of the second part, and the survivor of them, and their and his successors and successor, shall be, and are by these presents fully authorized and empowered to make and appoint, by and with the consent of the President and Secretary of the parties of the first part, all such agents and attorneys in fact, and all such attorneys, counselors, clerks and other agents, as they may think proper, and invest them and each of them with such powers, general or special, as they may see fit to grant; and in the execution of the duties of the trusts conferred upon them by this indenture, they may, at their discretion, proceed and act by such agent or agents, attorney or attorneys, in any and all cases where they may

consider it expedient so to do, and all acts done by them, by or through any such agents or attorney, shall be, to all intents and purposes, as effectual, valid and binding, as if done by the said parties of the second part, or the survivor of them, or their or his successors or successor, in person. And the said parties of the second part, or any person or persons acting as trustees or trustee under this indenture, shall not be answerable for the default or other misconduct of such agent or agents, attorney or attorneys in fact, attorneys or counselors, clerks or other agents, unless chargeable with wilful negligence in their selection; and further, neither of the trustees shall be answerable or responsible in any way, for the acts, omissions or defaults of his associate trustee, nor shall either of the trustees be responsible for anything short of wilful default in the discharge of his duties.

This trust shall extend to such bonds, and such only, as shall be countersigned by the trustees, and when all of said bonds shall be satisfied and discharged, this trust shall cease. The trust shall also cease at the end of twenty-four calendar months after the principal moneys of said bonds shall fall due, as to all such bonds as shall not then have been presented for payment, and whenever said trust shall determine, the trustees will re-convey to said party of the first part, its successors or assigns, all their right, title and interest, of, in and to all of said property which may not have been previously sold, or otherwise disposed of.

In case of the death, incapacity to serve or resignation of either trustee, all the estate and interest hereby created shall vest in the other trustee, as fully as if he only had been named in, and had executed this deed as the trustee.

No trustee shall resign his trusteeship, herein, without giving notice in writing of his intention so to do, to the President or Secretary of the said Railway Company, thirty days prior to his resignation; and whenever it shall happen, from any cause, that there shall be only one trustee, it shall be lawful for the said Railway Company, or any of the bondholders, to apply in writing to the Chief Justice of the Supreme Court of the State of Texas, to appoint another trustee to supply the vacancy; but until such vacancy shall be supplied as aforesaid, all the powers, duties and trusts

which the said parties of the second part are by this indenture required or authorized to execute or discharge, shall devolve upon, and may be executed and discharged by the remaining trustee, and the said Chief Justice is hereby authorized, after giving notice of ten days to the remaining trustee, in writing, addressed to him through the postoffice, unofficially, and without legal proceedings, to appoint a suitable person, in his judgment, residing in the City of New York, as trustee to fill such vacancy, and the person so appointed shall be, and act as trustee, and with the remaining trustee, exercise all the powers and discharge all the trusts and duties which, by this indenture, belong to the parties of the second part, as lawfully, fully and effectually, as if done by the said parties of the second part, acting in person. And if it should so happen at any time that the trusteeship shall be entirely vacant, and no trustee shall remain or survive, then, and in such case, the said Chief Justice, upon application in writing, of the President or Secretary of the Company, or any of the bondholders, may summarily, and without legal proceedings, appoint two, in his opinion, fit and suitable persons, living in the City of New York, to fill said office of trustees; and the said two persons, thus appointed, shall be and act as trustees under this indenture, lawfully exercising all the powers, and executing and discharging all the trusts and duties, hereby belonging to the said parties of the second part.

And it is hereby further provided that, if at any time, only one trustee shall survive or remain, then, and in such case, he shall be, and is hereby authorized, so long as he remains sole trustee, to exercise all the powers, and execute and discharge all the trusts and duties, which, by this indenture, belong to the said parties of the second part, as fully, effectually and lawfully, as both the said parties might or could do if personally acting.

In Witness Whereof, the said party of the first part, has hereunto affixed its Corporate Seal, and has caused these presents to be attested by the signatures of its President and Secretary, and the said parties of the second part, have to these presents subscribed their names, and affixed their seals, the date and year first above written.

W. J. HUTCHINS, President.

JAMES F. LOUDON, Secretary.

THE STATE OF TEXAS, }
HARRIS COUNTY. }

Personally came Wm. J. Hutchins and James F. Loudon, to me well known, the former being President, and the latter Secretary, of the Houston and Texas Central Railway Company, to me known as such, and to me severally acknowledged that they had severally signed the said instrument preceding this certificate, in their official capacity, and that the seal thereto attached, is the seal of said Company, and that they deliver this instrument as the binding act and deed, of the said Houston and Texas Central Railway Company, for the purposes and considerations therein stated.

TO CERTIFY WHICH, I have hereunto put my
hand and official seal, at Houston, in said county,
[L. s.] this the 12th day of October, A. D., eighteen hundred and sixty-six.

A. P. THOMPSON, Notary Public,
Harris County.

WE, Shepherd Knapp and David S. Dodge, parties of the second part, in the foregoing Deed of Trust, do hereby accept the trusts contained in said deed, and agree to perform the same, according to the best of our ability.

Witness our hands and seals, the first day of July, one thousand eight hundred and sixty-six.

SHEPHERD KNAPP, [L. s.]
DAVID S. DODGE, [L. s.]

Sealed and delivered in the presence of

MOSES B. MACLAY,

LEWIS DANIELS.

STATE OF NEW YORK,)
 CITY AND COUNTY OF NEW YORK.) S. S.

I, Moses B. Maclay, residing in the City, County and State of New York, a Commissioner of the State of Texas, for the said State of New York, to take depositions, affidavits, acknowledgments of deeds, &c., commissioned under the laws of Texas, and qualified, do hereby certify that on the thirteenth day of September, one thousand eight hundred and sixty-six, before me, personally appeared the within named Shepherd Knapp and David S. Dodge, parties to a certain Deed of Trust, bearing date the first day of July, 1866, hereunto annexed, and severally acknowledged that they signed, sealed and delivered the annexed Deed of Trust, as, and for their own act and deed.

In Testimony Whereof, I hereto sign my name,
 [L. s.] and affix my seal of office, the day and year first
 aforesaid.

MOSES B. MACLAY,
 Texas Commissioner.

Recorded on Harris County Record Book of Mortgages, Volume Two, pages 72 to 82, on the twelfth day of October, A. D. 1866, at 12 o'clock, M.

To CERTIFY WHICH, I hereto set my hand and
 [L. s.] seal of the Harris County Court, at office in Hous-
 ton, October 12th, 1866.

STERLING FISHER,
 Clerk of County Court, Harris County.

STATEMENT

Of the traffic and business of the road, being eighty miles long, from May 1st to October 1st, 1867, and afterwards to January 1st, 1868, one hundred miles long, at which time the Washington County Road, being a branch from Hempstead to Brenham, twenty-five miles, was purchased and run as a part of the Company's property.

		(COIN.) Gross Income.	(COIN.) All Expenses and Repairs.
1867—May,	80 miles,	\$51,895 64	\$18,864 06
June,	"	36,079 19	18,366 06
July,	"	25,109 20	16,860 36
August,	"	24,373 77	16,791 08
September,	"	25,389 27	17,481 20
October,	100 miles,	30,681 86	17,604 18
November,	"	54,314 18	20,106 21
December,	"	78,840 72	21,834 61
1868—January,	125 miles,	60,390 17	20,325 18
February,	"	67,512 84	22,412 60
March,	"	57,015 56	21,606 12
April,	"	64,448 66	21,986 42
		<hr/>	<hr/>
		\$576,051 08	\$134,238 08
			<hr/>
Nett receipts,			\$341,813 00

The expenses of all kinds, repairs and renewals, being about forty per cent. of the gross earnings.

The gross income for the past year has been largely below what may be expected in ordinary seasons, without taking into the calculation the certain increase which will result from the large immigration that is settling along the line of this road, and which, in

the immediate future, promises to be of vast proportions. The past year has been one of extraordinary depression in business. In addition to the general prostration of the productive energies of the people, caused by the uncertain condition of political affairs, for over four months the coast country was visited with the yellow fever scourge, to a degree never before known, paralyzing, for the time, almost every branch of business; and, in addition, the cotton crop, which is the principal article of production for transportation, was so destroyed or damaged by the worm as to yield not one half the usual quantity. It is considered a prudent calculation, that under ordinary circumstances, the income of the Road would have been fifty per cent. greater than it was, and that it will be in that proportion greater the coming season.

PROPERTY OF THE COMPANY.

100 miles of first-class road, from Houston to Bryan, with all necessary sidings, turn-tables, freight, depot and station houses, platforms, wood and water stations and appurtenances—four-fifths of the supports to bridging and culverts built of rock masonry.

25 miles of road, from Hempstead to Brenham, on the branch route to Austin, the capital of the State—and work on the extension beyond Brenham, costing \$40,000.

Work paid for on the extension beyond Bryan, on the section of thirty miles, under contract to be finished by October, 1868, \$168,000.

11 Engines.

160 Freight Cars.

60 Dump Cars.

7 First-class Passenger Cars.

7 Baggage, Mail and Express Cars.

An iron house for Machine Shop, with stationary engines, machinery and tools complete, for repairing.

In addition to right of way, depot and shop grounds, city property and timber lands on the line of the road, worth \$70,000.

1440 sections of 640 acres of land each, 921,000 acres, two-thirds of which is located in the wheat lands of the State, on the

waters of Red River and the upper waters of the Trinity, Brazos and Colorado rivers, and the other third principally upon the pine timbered lands of the Trinity, Neches and Sabine rivers.

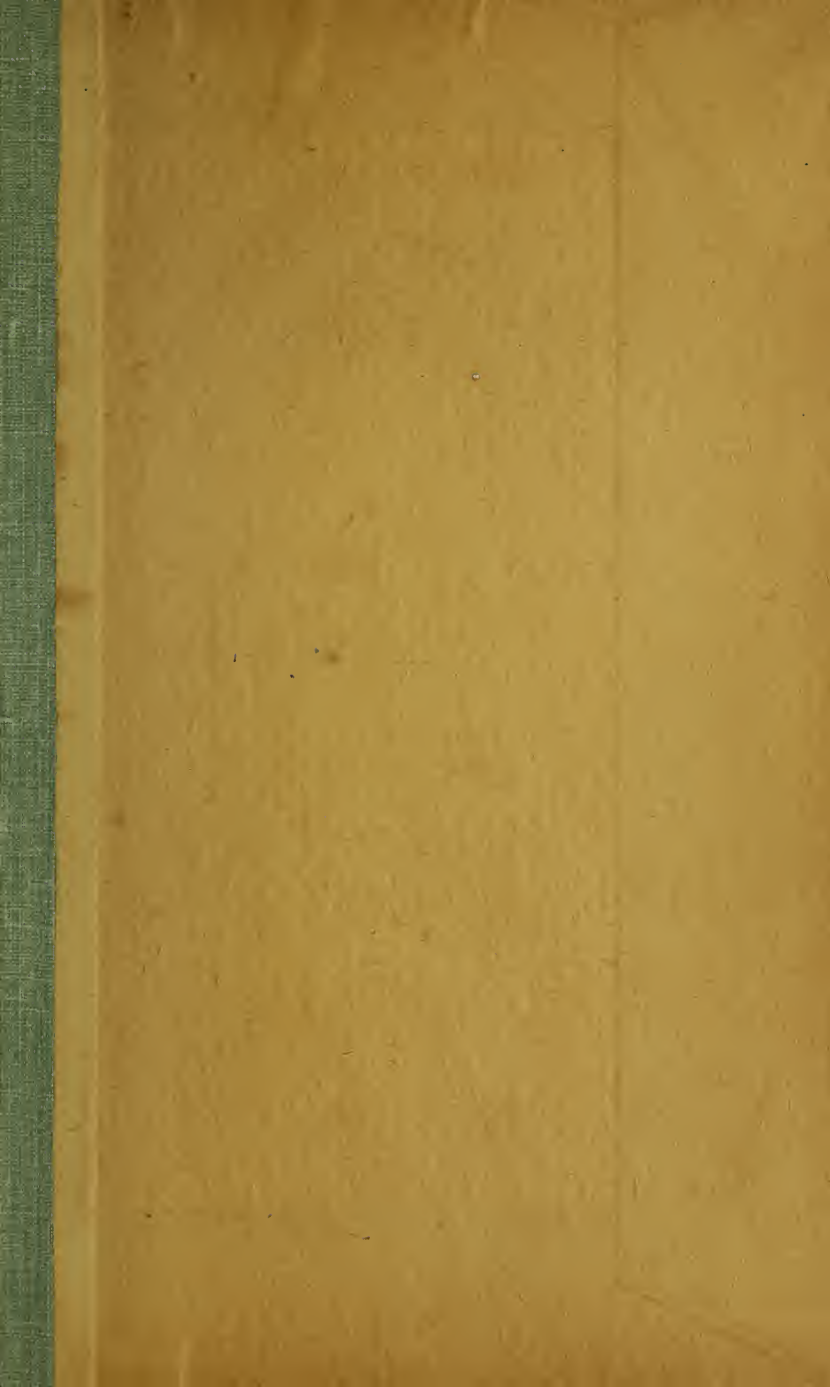
LIABILITIES OF THE COMPANY.

Bonds to the State of Texas, bearing 6 per cent. interest, \$	469,000
First Mortgage Bonds, bearing 7 per cent. gold interest,	1,663,000
Bills payable, and obligations of all kinds, -----	206,000
Stock paid in,-----	800,000

Four-fifths of the stock belongs to the managers of the road, and they have declared and paid no dividends, but have invested the nett earnings in extending the road.

HOUSTON, May 1st, 1868.





UNIVERSITY OF ILLINOIS-URBANA

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First mortgage bond earnings and expens



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